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ANNUAL REPORT 1967

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CITY SAVINGS &
TRUST COMPANY

CITY TRUST LOCATIONS



BRANCH OFFICES

HEAD OFFICE

McLeod Building, Edmonton

Edmonton

McLeod Building — 429-4811

King Edward Hotel — 429-5966

Calgary

336 - 7th Avenue, S.W.—266-8851

Winnipeg

369 Portage Avenue — 947-1543

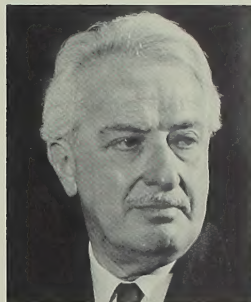
Victoria

1306 Douglas Street — 383-4141

Regina

1759 Scarth Street — 522-2691

DIRECTORS



HON. DAVID A. CROLL
Chairman of the Board

THE HONOURABLE SENATOR DAVID A. CROLL, Q.C.
Chairman of the Board
Croll & Borins, Toronto, Ontario

SAMUEL BELZBERG, B.Comm.—*President*
Edmonton, Alberta

JOSEPH H. SHOCTOR, Q.C.
Shoctor, Kennedy & Cohen, Edmonton, Alberta

WILLIAM BELZBERG—*Vice President*
Calgary, Alberta

W. BERNARD HERMAN, Q.C.
Chairman of the Board—City Parking Limited
Toronto, Ontario

HYMAN BELZBERG
Vice-President—City Investment Corp. Limited
Calgary, Alberta

THE HONOURABLE SENATOR ALLISTER GROSART
Toronto, Ontario



SAMUEL BELZBERG,
B.Comm.
President

OFFICERS

HON. DAVID A. CROLL—*Chairman of the Board*

SAMUEL BELZBERG, B.Comm.—*President*

WILLIAM BELZBERG—*Vice-President*

JOSEPH H. SHOCTOR, Q.C.—*Secretary*

AUDITORS

DELOITTE, PLENDER, HASKINS & SELLS

Chartered Accountants

BANKERS

The Royal Bank of Canada

The Toronto-Dominion Bank

The Canadian Imperial Bank of Commerce

HEAD OFFICE

McLeod Building, Edmonton, Alberta

BRANCH OFFICES

Edmonton	McLeod Building — 429-4811 King Edward Hotel — 429-5966
Calgary	336 - 7th Avenue S.W. — 266-8851
Winnipeg	369 Portage Avenue — 947-1543
Victoria	1306 Douglas Street — 383-4141
Regina	1759 Scarth Street — 522-2691

DIRECTORS' REPORT

This has been a year of greatly intensified competition between financial institutions, largely as a result of the additional powers granted to the chartered banks by the new Bank Act. One aspect of the changes has been the admission of the banks to certain areas of financial business previously occupied almost entirely by trust companies, such as conventional mortgages and interest rates for depositors in excess of the traditional 6%. There was some early speculation that this would greatly curtail advances made by the trust companies over the years. This has not proved to be the case. The main emphasis of the new competitive climate seems to have been banks-vs.-banks rather than banks-vs.-trust companies. Indeed, by and large, the trust companies, old and new, have continued to increase their business and to enhance their public confidence.

This has been particularly true of City Savings & Trust Company which has maintained its rate of

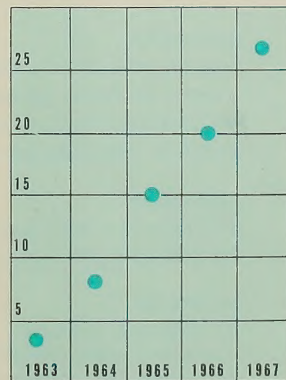
growth in the last year resulting in the most profitable year to date, thereby allowing the Company to pay its first dividends.

Your Board of Directors is well aware of the effects of the changes in the Canadian Bank Act, which changes in the most part followed the recommendation of the Porter Commission report. Every effort is being made by your Board of Directors and Management Committee to promote broader lending powers especially in the area of personal loans on a reasonably restricted basis to offset the inroads of the banks into areas previously considered to be an exclusive preserve of Trust Companies.

"Service" is becoming more and more the secret of success for deposit-taking institutions. Our current policies are keyed to this concept and our management emphasis is on improving and expanding our services to depositors and the results during the past year fully justified this policy.

DEPOSITORS' LIABILITY

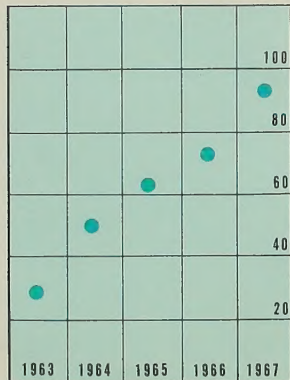
MILLIONS



TO THE SHAREHOLDERS

TOTAL ASSETS UNDER ADMINISTRATION

MILLIONS



We have not opened branches in any new cities during the current year because we felt that the wisest policy would be to consolidate our present operations in existing locations in Victoria, Edmonton, Calgary, Regina and Winnipeg and to concentrate on expanding the present volume of business in these cities. This again, has proved successful—so much so that it was found necessary to open a second branch in Edmonton when the premises and facilities at our first branch proved to be inadequate for the volume increase.

Your Board of Directors has during the past year considered the possibility of adding to our growth potential through an amalgamation or merger with one or more trust companies. Some possibilities are now under review, however, our main consideration will be based upon a policy which will enhance our Company's position within the industry and thereby prove a decided advantage to each and all of our shareholders.

The effects of the passing of the Federal Deposit Insurance Corporation Act, were, of course, among the financial highlights of the year. It guarantees each individual deposit in a trust Company or bank up to \$20,000, thereby affording the maximum of security to a large portion of depositors of trust companies and banks.

I take personal satisfaction in the quality of management the Company continues to enjoy. I am in the closest touch with the operations of our company's management and sincerely feel that it is proper that I should compliment Mr. Samuel Belzberg, our President, and his immediate associates of the Management Committee for the care and caution coupled with aggressive marketing that have been the hall-marks of their administration again this year.

David A. Boel
Chairman

PRESIDENTS' REPORT

I am pleased to report that we have had another very good business year in 1967 and that we have again maintained our record of year-by-year growth in all departments of our operation, as can be seen in the comparative statement of income, assets under administration, customers' deposits, physical expansion, investment portfolio and reserves. Indeed, in many respects, 1967 has been our best year to date in spite of the increased competition among deposit-taking financial institutions as indicated in the Report of the Chairman of the Board.

Particularly noticeable is the increase in customer deposits from \$19 million a year ago to more than \$26 million at the present time—a percentage ratio of growth that not only reflects the experience and ability of the management and staff of our Company, but also the degree of trust and confidence placed in our Company by the saving public.

This has been accomplished without any substantial increase in direct marketing expense (advertising, premiums, etc.) and we have maintained guaranteed interest rates in line with the changes announced by the banks and other trust companies and at the same time we have administered the funds entrusted to us with strict adherence to our policy of conservative investment and high liquidity of assets.

Our Company has maintained and improved its strong financial position. The ratio of liquid

assets to short term obligations at December 31, 1967, was 99.1% compared to the average for trust companies of 57.6% at the close of 1966. This improved liquid position will not only be a source of satisfaction to our depositors and shareholders, but takes us into 1968 with the advantage of being able to employ these liquid funds in the most profitable areas available to us. It is only fair to say that this excellent record has been achieved by the loyal and dedicated co-operation of all the members of the City Trust "team"—a word which I use with confidence because it has been our good fortune to be able, over the years, to develop a practical team-work concept in all our operations—including especially the entire staff at head office and in all the branches—our directors, management committee and the officers of the Company. Our success in 1967 has allowed us to write off large amounts of previous years establishment costs and we have thereby reduced the amount of deferred expenses from a balance of \$235,000 at December 31st, 1966, to \$147,000 at December 31st, 1967.

At the same time this success has covered a large increase in operating costs which were incurred to improve our organization and efficiency of operation. Many of these costs are of a non-recurring nature such as computer programming costs, centralization of control and streamlining of procedures in general. All this will doubtlessly improve our future operating ability and profitability.

During the year our Company was successful in purchasing 100% of the McLeod Building in Edmonton and in December, 1967, was further successful in negotiating a profitable sale of this building.

1967 was a year of consolidation with expansion based on existing branches. The new branch office in Edmonton can be considered an extension of the first branch which had proven to be too limited in space to service the ever increasing funds being deposited by the people of Edmonton. The new branch not only served to extend our facilities but has opened new sources of invested funds which is still increasing at a pleasing rate.

If I may end my report on a personal note, I would like to extend my own sincere thanks to each individual in the groups I have mentioned and to pay particular tribute to our depositors and clients, old and new, for their support and confidence. I assure them that we shall continue to regard their interests as the major obligation of our stewardship.

Samuel Belzberg
President



During 1967 the Company's savings certificate administration was re-organized for data processing methods. A computer program was designed that has facilitated the handling of applications, issue of certificates, interest calculation and payment.

This has relieved our staff of a tremendous administrative load and has been instrumental in increasing all round efficiency. Furthermore, the program has made available much more information than was hitherto available.

The year also saw the opening of a second Edmonton branch, in the heart of the downtown area, located in the King Edward Hotel. The King Edward Hotel branch soon achieved its target figures and is gaining new depositors daily.



CITY SAVINGS & TRUST COMPANY

(INCORPORATED BY SPECIAL STATUTE, PROVINCE OF ALBERTA)



BALANCE SHEET AS AT DECEMBER 31ST, 1967

(WITH 1966 FIGURES FOR COMPARISON)

ASSETS

	1967	1966
CASH AND CERTIFICATES OF DEPOSIT:		
Cash - - - - -	\$ 369,570	\$ 274,985
Deposit receipts of chartered banks - - - - -	2,472,296	1,730,997
Short-term notes - - - - -	1,308,539	—
Total cash and certificates of deposit - - - - -	<u>4,150,405</u>	<u>2,005,982</u>
INVESTMENTS (Note 1):		
Securities:		
Government bonds - - - - -	5,797,755	3,361,014
Corporate bonds - - - - -	2,787,394	2,790,657
Stocks - - - - -	1,586,351	891,094
	<u>10,171,500</u>	<u>7,042,765</u>
Mortgages and secured loans - - - - -	13,528,307	11,722,298
Total investments - - - - -	<u>23,699,807</u>	<u>18,765,063</u>
Total cash, certificates of deposit and investments - - - - -	<u>27,850,212</u>	<u>20,771,045</u>
ACCOUNTS RECEIVABLE:		
Brokers - - - - -	114,984	98,310
Other - - - - -	348,891	133,336
PREPAID EXPENSES - - - - -	44,089	58,165
PREMISES, OFFICE EQUIPMENT AND FURNISHINGS — at		
cost less accumulated depreciation - - - - -	163,092	528,199
DEFERRED EXPENSES — at cost less amounts written off (Note 2) - - - - -	146,635	235,421
Total assets - - - - -	<u>28,667,903</u>	<u>21,824,476</u>
ESTATES, TRUST AND AGENCIES:		
Securities, cash and other assets — at nominal or clients' values - - - - -	57,899,069	51,708,073
TOTAL ASSETS UNDER ADMINISTRATION - - - - -	<u>\$86,566,972</u>	<u>\$73,532,549</u>

LIABILITIES & SHAREHOLDERS' EQUITY

	1967	1966
GUARANTEED ACCOUNT:		
Savings deposits - - - - -	\$ 7,205,788	\$ 6,993,257
Investment certificates - - - - -	19,424,948	12,949,493
Total guaranteed account - - - - -	<u>26,630,736</u>	<u>19,942,750</u>
ACCOUNTS PAYABLE:		
Brokers - - - - -	193,635	136,630
Other - - - - -	53,872	90,010
Total accounts payable - - - - -	<u>247,507</u>	<u>226,640</u>
Total liabilities - - - - -	<u>26,878,243</u>	<u>20,169,390</u>
SHAREHOLDERS' EQUITY:		
Capital stock (Note 3):		
Authorized — 2,500,000 shares of a par value of \$2 each		
Issued and fully paid — 508,327 shares (6772 shares issued for cash in 1967) - - - -	1,016,654	1,003,110
Surplus and reserves - - - - -	773,006	651,976
Total shareholders' equity - - - - -	<u>1,789,660</u>	<u>1,655,086</u>
Total liabilities and shareholders' equity - - - - -	<u>28,667,903</u>	<u>21,824,476</u>
ESTATES, TRUSTS AND AGENCIES:		
Estates, trusts and agencies under administration - - - - -	<u>57,899,069</u>	<u>51,708,073</u>
Approved by:		
 President		
 Manager		
TOTAL LIABILITIES FOR ASSETS UNDER ADMINISTRATION - - - - -	<u>\$86,566,972</u>	<u>\$73,532,549</u>

The accompanying notes are an integral part of the financial statements.

AUDITORS' REPORT

DELOITTE PLENDER, HASKINS & SELLS CHARTERED ACCOUNTANTS

MONTREAL TORONTO NEW YORK CHICAGO
MINNEAPOLIS WASHINGTON EDMONTON CALGARY
EDMONTON PRINCE GEORGE VANCOUVER

TELEPHONE 430-3781

800 BANK OF MONTREAL BUILDING
EDMONTON, CANADA

To the Shareholders of
City Savings & Trust Company

We have examined the balance sheet of City Savings & Trust Company as at December 31, 1967 and the statements of income and of surplus and reserves for the year then ended and have obtained all the information and explanations we have required. As part of our examination, which included a general review of accounting procedures and such tests of accounting records as we considered necessary in the circumstances, we verified the cash and securities of the company.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company, these financial statements present fairly the financial position of the company as at December 31, 1967 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied, except as explained in Note 5 to the financial statements, on a basis consistent with that of the preceding year.

All transactions of the company that have come within our notice have been within the powers of the company, except as explained in Note 6 to the financial statements.

Deloitte, Plender, Haskins & Sells

February 13, 1968.

Auditors.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1967

1. Investments

The investments in securities are recorded at amortized cost plus accrued income. The aggregate market value totals \$8,921,981.

Mortgages and secured loans are recorded at cost plus accrued interest less repayments thereon.

2. Deferred Expenses

Includes costs of opening branch offices, advertising and promotion expense pertaining to the acquisition of new business together with incorporation and registration fees which are being amortized over a five-year period commencing with the year the expenses were incurred.

3. Capital Stock

Pursuant to a by-law ratified at the shareholders' meeting of June 5, 1967, the company's authorized capital stock of 500,000 shares of a par value of \$10 each has been subdivided into 2,500,000 shares of a par value of \$2 each.

The company has set aside 125,000 shares for employees' stock options. The options are exercisable until June 14, 1970 at a price not less than 85% of the market value of the shares at the date the option is granted. To date no options have been granted.

4. Income Taxes

No provision is made for income taxes as non-taxable income exceeds net income.

5. Changes in Accounting Principles

The adoption of a more conservative method of determining income from mortgages and the amortization of deferred expenses has the effect of reducing the income reported for the current year by amounts of \$70,115 and \$73,048, respectively.

6. Statutory Regulations

The Trust Companies Act, 1967, enacted May 1, 1967 disqualifies certain types of transactions or investments which were previously allowable. At December 31, 1967, the company continues to hold investments of this type which are being progressively reduced. Included is a second mortgage resulting from the acquisition and disposal of the Head Office premises at a profit.

During the year, an investment was made in excess of the amount allowed by the Act and was shortly thereafter sold at a profit.

STATEMENT OF INCOME

FOR THE YEAR ENDED
DECEMBER 31, 1967

(WITH 1966 FIGURES FOR COMPARISON)

	1967	1966
REVENUE:		
Income from investments - - - - -	\$2,057,087	\$1,374,246
Fees, commissions and other income - - - - -	357,583	244,924
Net income from rental operations (less depreciation — 1967 \$27,185; 1966 \$9,623) - - - - -	36,548	43,353
Total revenue - - - - -	<u>2,451,218</u>	<u>1,662,523</u>
EXPENSE:		
Interest on guaranteed account - - - - -	1,211,011	844,212
Salaries and employee benefits - - - - -	316,298	266,787
Operating expenses - - - - -	624,353	398,864
Total expense - - - - -	<u>2,151,662</u>	<u>1,509,863</u>
Income before deducting the undernoted - - - - -	299,556	152,660
Depreciation on office equipment and furnishings - - - - -	24,281	21,153
Amortization of deferred expenses (Note 5) - - - - -	124,124	36,855
NET INCOME FOR THE YEAR (Note 4) - - - - -	<u>\$ 151,151</u>	<u>\$ 94,652</u>

The accompanying notes are an integral part of the financial statements.

STATEMENT OF SURPLUS AND RESERVES

FOR THE YEAR ENDED
DECEMBER 31, 1967

(WITH 1966 FIGURES FOR COMPARISON)

	1967	1966
SURPLUS:		
Balance at beginning of the year - - - - -	\$401,198	\$273,676
Add:		
Net income for the year - - - - -	151,151	94,652
Premium on issue of shares — less commissions - - - - -	10,534	48,648
	<u>562,883</u>	<u>416,976</u>
Deduct dividends - - - - -	40,655	—
	<u>522,228</u>	<u>416,976</u>
Less appropriations to reserves:		
Capital premium reserve - - - - -	3,386	15,778
General reserve - - - - -	500,000	—
	<u>503,386</u>	<u>15,778</u>
Balance at end of the year - - - - -	<u>\$ 18,842</u>	<u>\$401,198</u>
RESERVES:		
Capital premium:		
Balance at beginning of the year - - - - -	\$250,778	\$235,000
Appropriation from surplus - - - - -	3,386	15,778
Balance at end of the year - - - - -	<u>254,164</u>	<u>250,778</u>
General:		
Appropriation from surplus - - - - -	500,000	—
Balance at end of the year - - - - -	<u>\$754,164</u>	<u>\$250,778</u>
TOTAL SURPLUS AND RESERVES - - - - -	<u>\$773,006</u>	<u>\$651,976</u>

The accompanying notes are an integral part of the financial statements.

CITY TRUST SERVICES



DEPOSIT ACCOUNTS

Savings Deposit Accounts are particularly useful to persons saving with a particular purpose in mind. To avoid temptation cheques cannot be written on a Savings Deposit Account, but money can be withdrawn by personal withdrawal at the counter or by mail. This account pays a high 5% interest on the minimum monthly balance.

CHEQUING ACCOUNTS

With no service charges and $4\frac{1}{2}\%$ interest paid on the minimum six month balance, a savings chequing account suits the need of those persons who prefer to pay bills by cheque and at the same time avoid costly service charges.

GUARANTEED INVESTMENT CERTIFICATES

Guaranteed Investment Certificates are issued for any amount in excess of \$100.00 for terms of up to five years. Interest accrues daily and is

paid quarterly, semi-annually, annually or compounded to maturity. Although the certificates are to be held for the full term selected, in the event of death of the registered holder the principal and accrued interest are paid on demand to the estate of the certificate holder on application by the executor. 7% interest is paid on Guaranteed Investment Certificates for five year terms, $6\frac{7}{8}\%$ for four years, $6\frac{3}{4}\%$ for three years and $6\frac{5}{8}\%$ for one and two years.

GUARANTEED GROWTH CERTIFICATES

This investment is for the person who wants to let his savings grow. A certificate, guaranteed by City Trust, can be purchased for only \$54.64 today and can be cashed for \$100.00 in ten years. These certificates can be cashed at any time after the first six months for the amount of the original investment plus the growth money earned up to the time of cashing. Certificates are available only in multiples of \$54.64.

SHORT TERM DEPOSITS

Short Term Deposits are issued in any denomination in excess of \$4,000.00 for terms of 1 to 364 days and accrue interest on a daily basis from the date of deposit. Both principal and interest are guaranteed for the term of the deposits. Current rates are available on request. Ideally suited for the temporary investment of trust funds and excess working capital for short periods of time. Short term deposits are also legal investments for trustees in the provinces of Alberta, Manitoba, Saskatchewan and British Columbia.

THE FOREGOING ARE LEGAL INVESTMENTS FOR TRUSTEES IN THE PROVINCES OF ALBERTA, MANITOBA, SASKATCHEWAN AND BRITISH COLUMBIA. THE COMPANY IS A MEMBER OF THE CANADA DEPOSIT INSURANCE CORPORATION.

REAL ESTATE

City Trust operates a complete real estate service, acting as agents for the purchase, sale or leasing of industrial, commercial or residential properties. Special services include land assembly, appraising for estate purposes and locating properties for clients.

REGISTERED RETIREMENT SAVINGS PLANS

The Income Tax Act makes special provision whereby an individual can defer the payment of income taxes and, at the same time, provide savings for retirement. Contributions to the legal maximum may be deducted for income tax purposes. City Trust invests these contributions at maximum interest to ensure the best return. These plans are particularly recommended for persons in the higher income brackets.



An apartment block in Edmonton sold by City Trust Real Estate Department.



EXECUTOR OF WILLS

As Executor of your Will, City Trust will ensure that your wishes are carried out in the manner intended without interruption and at moderate cost to your Estate. City Trust will also act as Co-executor with a person of your choice and make all its facilities available to individual executors and administrators on request. Regular reports are made to those concerned.

INVESTMENT MANAGEMENT

If you own marketable securities, mortgages or other investments and lack the time or experience to manage them efficiently you may obtain either a full management or limited advisory service from any office of City Trust. In either case, your investments are under the careful supervision of an investment committee composed of experienced officers. Safe custody of securities is provided as part of this service.

TRANSFER AGENT AND REGISTRAR

City Trust offers a complete transfer agent and registrar service for public companies. This service includes the receipt of certificates, maintenance of share registers, mailing daily reports, prompt preparation of shareholders lists, and addressing and mailing notices of meetings and proxy forms. Experienced personnel and modern facilities assure full compliance with legal and accounting requirements. Related services include dividend disbursing agent, depositor, scrutineer at shareholders' meetings, pool trustee and escrow agent.

CORPORATE TRUST SERVICES

City Trust offers every kind of Corporate Trust Service available to Corporations, Brokers and Governmental Agencies. As Trustee, Fiscal or Paying Agent, Corporate Depository or Agent in

other specialized capacities City Trust can effect many savings through the use of Dominion wide facilities and trained personnel.

MORTGAGE LOANS

City Trust is actively engaged in advancing mortgage loans on the security of industrial, commercial and residential properties throughout Western Canada. City Trust is an approved lender for the purposes of making loans under the National Housing Act, 1954 and offers, both as principal and agent, every possible type of mortgage financing at competitive rates and terms. Complete mortgage placement facilities and servicing are available to clients and experienced personnel provide prompt courteous attention to all enquiries.

PROPERTY MANAGEMENT

City Trust presently administers income producing properties valued in excess of 50 million dollars and specializes in the renting, leasing and servicing of industrial, commercial and residential properties. A complete management and accounting service is offered for the convenience of clients.

A Vancouver High Rise under construction with financial assistance from City Trust.



Regina Midtown Centre Limited is one of the exciting new developments that City Trust is currently managing.



PROSPECTUS

City Savings & Trust Company



APRIL 28, 1967

AMENDMENT TO APRIL 28th, 1967 PROSPECTUS

CITY SAVINGS & TRUST COMPANY

By virtue of Order in Council No. 1226/67 the Executive Council of the Province of Alberta gave favourable consideration to an amendment altering the Company's authorized Capital Stock and subscriptions for shares in the Company by sub-dividing 500,000 shares with a par value of \$10.00 each plus a capital premium reserve fund payment of \$2.50 per share into 2,500,000 shares, thereby leaving unaltered the Authorized Capital Stock of the Company in the sum of \$5,000,000.00 but dividing the same into 2,500,000 shares of a par value of \$2.00 each, plus a capital premium reserve fund payment of 0.50c per share.

As a result of the foregoing City Savings & Trust Company's Prospectus, dated the 28th day of April, 1967, is hereby amended as follows:-

1. Page 1 is amended by striking out the words:-

"40,000 shares

(Par value \$10.00 each and a capital premium reserve fund payment of \$2.50 each)

PRICE: \$19.50 per share"

where the same appear therein, and by substituting the following:-

"200,000 shares

(Par value \$2.00 each and a capital premium reserve fund payment of 0.50c each)

PRICE: \$3.90 per share"

2. Page 2 is amended as follows:-

(i) by striking out the words "The Trust Companies Act 1960" where the same appear in line 2 of the second paragraph under the heading THE COMPANY; and by substituting the following:-

"The Trust Companies Act 1967"

(ii) by striking out the section headed EARNINGS PER SHARE and by substituting the following:-

"EARNINGS PER SHARE

The earnings per share have been:

Year ended December 31st, 1963 (400,000 shares issued)	10.3c
Year ended December 31st, 1964 (400,000 shares issued)	19.4c
Year ended December 31st, 1965 (470,000 shares issued)	18.0c
Year ended December 31st, 1966 (501,555 shares issued)	18.9c

3. Page 5 is amended by striking out the words:-

"Authorized - 500,000 shares of a par value of \$10.00 each

Issued and fully paid - 100,311 shares (6,311 shares issued for cash in 1966)"

where the same appear in the section headed SHAREHOLDERS' EQUITY and by substituting the following:-

"Authorized - 2,500,000 shares of a par value of \$2.00 each

Issued and fully paid 501,555 shares (31,555 shares issued for cash in 1966)"

4. Page 7 is amended by striking out the words "25,000 shares" where the same appear in the first line of paragraph 4 headed STOCK OPTIONS and by substituting the following:-

"125,000 shares"

5. Page 8 is amended as follows:-

(i) by striking out the words "500,000 Common Shares having a par value of \$10.00 each with a capital premium reserve fund payment of \$2.50 per share" where the same appear in paragraph 8; and by substituting the following:-

"2,500,000 Common Shares having a par value of \$2.00 each with a capital premium reserve fund payment of 0.50c per share"

(ii) by striking out the words "of the par value of \$10.00" where the same appear in paragraph 9, and by substituting the following:-

"of the par value of \$2.00"

6. Page 9 is amended as follows:-

(i) by striking out the words "25,000 shares" where the same appear in paragraph 13, and by substituting the following:-

"125,000 shares"

(ii) by striking out paragraph 14, and by substituting the following:-

"The number of shares being offered by this Prospectus is 200,000 having a par value of \$2.00 each and a capital premium reserve fund payment of 0.50c each. These shares are being offered at an issue price of \$3.90 each and the terms thereof are to be cash. The Company has previously offered and issued 501,555 shares which have been paid for in full."

(iii) by striking out the words "\$2.00 per share" in the last line of paragraph 18, and by substituting the following:-

"0.40c per share"

(iv) by striking out the words "\$2.00 per share in the 3rd line of paragraph 23, and by substituting the following:-

"0.40c per share"

The foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Part IX of the Securities Act, 1955, and there is no further material information applicable other than in the financial statements or reports where required.

DATED at the City of Edmonton, in the Province of Alberta, this 28th day of June, A.D. 1967.

DIRECTORS

(Signed) DAVID ARNOLD CROLL, Q.C.

(Signed) JOSEPH HARVEY SHOCTOR, Q.C.

(Signed) ALLISTER HERBERT GEORGE GROSART

(Signed) WILLIAM BERNARD HERMAN, Q.C.

(Signed) SAMUEL BELZBERG

(Signed) HYMAN BELZBERG

(Signed) WILLIAM BELZBERG

CITY SAVINGS & TRUST COMPANY

40,000 Shares

(Par value \$10.00 each and a capital premium reserve fund payment of \$2.50 each)

PRICE: \$19.50 per share

All legal matters in connection with this issue of shares are subject to the approval of Messrs. Shocter, Kennedy & Cohen, Barristers and Solicitors, 400 Toronto-Dominion Bank Building, Edmonton, Alberta.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice.

This Prospectus is not and under no circumstances is to be construed as a public offering of these shares in the United States of America or in the Territories or in the possessions thereof.

None of the security commissions or similar authorities in Canada have in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

Registrar and Transfer Agent:

City Savings & Trust Company

McLeod Building, Edmonton, Alberta.

THE COMPANY

City Savings & Trust Company (hereinafter called the "Company") was incorporated by Private Act of the Legislature and the Province of Alberta, assented to on April 5th, 1962 as City Savings and Trust Company, and changed its name to City Savings & Trust Company on March 4th, 1963. On January 8th, 1963, the Company was registered as a trust company under the provisions of The Trust Companies Act 1960, of the Province of Alberta. The Company was registered as a trust company under the provisions of The Companies Act of the Province of Manitoba on May 13th, 1964, registered as a trust company under the provisions of The Companies Act of the Province of Saskatchewan on November 3rd, 1964, registered as a trust company under the provisions of The Trust Companies Act of the Province of British Columbia on January 5th, 1965, registered under the provision of the Domestic, Dominion and Foreign Corporations Act of the Province of Nova Scotia on January 7th, 1966, registered as a foreign company under The Companies Act of the Province of Newfoundland on December 31st, 1965, registered under the terms of The Trust Companies Licensing Act of the Province of New Brunswick on the 27th day of January, 1966, registered under The Trust Companies Act of the Province of Quebec for the purpose of making mortgage loans in the Province of Quebec on the 25th day of April, 1966, and was registered under the terms of an Act to provide for the licensing or registration of certain corporations and persons (1962) Chapter 22 of the Province of Prince Edward Island on the 20th day of July 1966.

The business of the Company is that of a trust company with the wide and varied powers given to it by The Trust Companies Act 1960, of the Province of Alberta. The Company has the power to receive monies by way of demand or term deposits and may issue guaranteed investment certificates. The Company may act as executor, administrator, trustee, receiver or liquidator, and take in, receive, hold and administer estates and property in trust. The Company may engage in the lending of money by way of mortgage loans, and may administer corporate and personal pension plans. The Company may also act as a property manager and real estate agent and serve as a mutual fund trustee, escrow agent, transfer agent and registrar for corporate securities and shares.

OPERATIONS AND HISTORY

The Company opened its Edmonton office on January 8th, 1963. The Calgary office was opened in April of 1963. An office was opened in Winnipeg in September of 1964 and offices were opened in Regina and Victoria in May of 1965.

The growth of the Company has been exceptional as is illustrated by the Table of Growth set out below.

The income of the Company since incorporation is shown in the financial statements on page 6.

It should be noted that the Company has conducted a profitable business from the very beginning.

EARNINGS PER SHARE

The earnings per share have been:

Year ended December 31st, 1963 (80,000 shares issued)	51.6c
Year ended December 31st, 1964 (80,000 shares issued)	96.9c
Year ended December 31st, 1965 (94,000 shares issued)	90.2c
Year ended December 31st, 1966 (100,311 shares issued)	94.4c

TABLE OF GROWTH

	1963	1964	1965	1966
Savings deposits	\$ 1,741,905	\$ 2,209,980	\$ 5,347,674	\$ 6,993,257
Investment certificates	1,370,958	5,569,484	9,561,395	12,949,493
Total guaranteed account	<u>\$ 3,112,863</u>	<u>\$ 7,779,464</u>	<u>\$14,909,069</u>	<u>\$19,942,750</u>
Estates, Trusts and Agencies under Administration	<u>\$25,002,855</u>	<u>\$35,777,330</u>	<u>\$44,995,596</u>	<u>\$51,708,073</u>

MANAGEMENT

The Company's affairs are under the supervision of a Board of Directors consisting of:

Chairman of the Board
City Savings & Trust Company
The Honourable Senator
David A. Croll, Q.C.
Croll & Borins
Toronto, Ontario

Samuel Belzberg, B. Comm.
President
City Savings & Trust Company
Edmonton, Alberta

The Honourable Senator
Allister H. G. Grosart
Toronto, Ontario

Hyman Belzberg
Vice-President
City Investment Corp. Limited
Calgary, Alberta

W. Bernard Herman, Q.C.
Chairman of the Board
City Parking Limited
Toronto, Ontario

William Belzberg
Vice President
City Savings & Trust Company
Calgary, Alberta

Joseph H. Shoctor, Q.C.
Shoctor, Kennedy & Cohen
Edmonton, Alberta

The Officers of the Company are:

The Hon. David A. Croll, Q.C.
Samuel Belzberg, B. Comm.
William Belzberg
Joseph H. Shoctor, Q.C.

Chairman of the Board
President
Vice-President
Secretary

An Executive Committee consisting of Mr. Samuel Belzberg, Mr. William Belzberg and Mr. Joseph H. Shoctor conducts the day to day operations of the Company. Fully qualified managers and staff are employed at each branch.

AUDITOR'S REPORT

To the Directors of
City Savings & Trust Company:

We have examined the balance sheet of City Savings & Trust Company as at December 31, 1966 and the statements of income and of surplus for the four years ended on that date. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of income and surplus present fairly the financial position of the company as at December 31, 1966 and the results of its operations for the four years ended on that date, in accordance with generally accepted accounting principles consistently applied.

(Signed) DELOITTE, PLENDER, HASKINS & SELLS
Chartered Accountants.

Edmonton, Alberta
February 24, 1967.

CITY SAVINGS &

BALANCE SHEET AS A

(with 1965 figure

ASSETS

	1966	1965
CASH	\$ 274,985	\$ 289,588
DUE FROM CHARTERED BANKS	1,730,997	794,103
INVESTMENTS:		
Securities (Note 1):		
Government bonds and notes	3,361,014	4,113,882
Corporate bonds and notes	2,790,657	3,435,672
Stocks	891,094	621,091
	7,042,765	8,170,645
Mortgages and secured loans	11,722,298	6,248,031
Total investments	18,765,063	14,418,676
Total cash and investments	20,771,045	15,502,367
ACCOUNTS RECEIVABLE:		
Brokers	98,310	33,799
Other	133,336	182,081
PREPAID EXPENSES	58,165	39,972
PREMISES, OFFICE EQUIPMENT AND FURNISHINGS—at cost		
less accumulated depreciation and amortization (Note 2)	528,199	485,284
DEFERRED EXPENSES—at cost		
less amounts written off (Note 3)	235,421	188,417
TOTAL ASSETS	21,824,476	16,431,920
ESTATES, TRUSTS AND AGENCIES:		
Securities, cash and other assets—at nominal or clients' values	51,708,073	44,995,596
TOTAL ASSETS UNDER ADMINISTRATION	\$73,532,549	\$61,427,516

Approved by the Board:

(Signed) DAVID A. CROLL, Director

(Signed) SAMUEL BELZBERG, Director

The attached notes are an integ

TRUST COMPANY

AT DECEMBER 31, 1966

es for comparison)

LIABILITIES AND SHAREHOLDERS' EQUITY

	1966	1965
GUARANTEED ACCOUNT:		
Savings deposits	\$ 6,993,257	\$ 5,347,674
Investment certificates	12,949,493	9,561,395
Total guaranteed account	<u>19,942,750</u>	<u>14,909,069</u>
ACCOUNTS PAYABLE:		
Brokers	136,630	9,978
Other	90,010	64,197
Total accounts payable	<u>226,640</u>	<u>74,175</u>
Total liabilities	<u>20,169,390</u>	<u>14,983,244</u>
SHAREHOLDERS' EQUITY:		
Capital stock (Note 4):		
Authorized—500,000 shares of a par value of \$10 each		
Issued and fully paid—100,311 shares (6,311 shares issued for cash in 1966)		
	1,003,110	940,000
Contributed surplus:		
Capital premium reserve fund	250,778	235,000
Surplus	401,198	273,676
Total shareholders' equity	<u>1,655,086</u>	<u>1,448,676</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>21,824,476</u>	<u>16,431,920</u>
ESTATES, TRUSTS AND AGENCIES:		
Estates, trusts and agencies under administration	<u>51,708,073</u>	<u>44,995,596</u>
TOTAL LIABILITIES FOR ASSETS UNDER ADMINISTRATION	<u>\$73,532,549</u>	<u>\$61,427,516</u>

egral part of the financial statements.

CITY SAVINGS & TRUST COMPANY

STATEMENT OF INCOME FOR THE FOUR YEARS ENDED DECEMBER 31, 1966

	1966	1965	1964	1963
REVENUE	\$1,741,618	\$1,187,722	\$706,285	\$374,228
EXPENSE	<u>1,579,336</u>	<u>1,080,784</u>	<u>602,052</u>	<u>313,078</u>
INCOME BEFORE DEDUCTING THE UNDERNOTED ITEMS	162,282	106,938	104,233	61,150
DEPRECIATION AND AMORTIZATION (Notes 2 & 3)	<u>67,630</u>	<u>26,938</u>	<u>20,038</u>	<u>15,528</u>
	94,652	80,000	84,195	45,622
INCOME TAXES (RECOVERABLE) (Note 5)	—	(4,841)	6,679	4,303
NET INCOME FOR THE YEAR	<u>\$ 94,652</u>	<u>\$ 84,841</u>	<u>\$ 77,516</u>	<u>\$ 41,319</u>

STATEMENT OF SURPLUS FOR THE FOUR YEARS ENDED DECEMBER 31, 1966

	1966	1965	1964	1963
BALANCE AT BEGINNING OF THE YEAR	\$ 273,676	\$ 118,835	\$ 41,319	\$ —
NET INCOME FOR THE YEAR	<u>94,652</u>	<u>84,841</u>	<u>77,516</u>	<u>41,319</u>
	368,328	203,676	118,835	41,319
PREMIUM ON ISSUE OF SHARES — less commissions	<u>48,648</u>	<u>105,000</u>	<u>—</u>	<u>—</u>
	416,976	308,676	118,835	41,319
DEDUCT: Transfer to capital premium reserve fund	<u>15,778</u>	<u>35,000</u>	<u>—</u>	<u>—</u>
BALANCE AT END OF THE YEAR	<u>\$ 401,198</u>	<u>\$ 273,676</u>	<u>\$118,835</u>	<u>\$ 41,319</u>

The attached notes are an integral part of the financial statements.

CITY SAVINGS & TRUST COMPANY

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 1966

1. Investments:

The investments in securities are recorded at amortized cost plus accrued interest and dividends. Their aggregate market values total \$6,397,155.

Mortgages and secured loans are recorded at cost plus accrued interest less repayments thereon.

2. Premises:

The major categories of premises, office equipment and furnishings and related accumulated depreciation and amortization at December 31, 1966 were as follows:

	Cost	Accumulated Depreciation and Amortization	Rate
Building	\$320,754	\$37,440	3%
Leasehold improvements	89,775	22,141	6-10%
Office equipment and furnishings	121,757	33,306	20%
	<u>532,286</u>	<u>92,887</u>	
Land	88,800	—	
	<u>\$621,086</u>	<u>\$92,887</u>	

The investment in land and building represents a 32% interest in the properties. Under an option agreement expiring September 29, 1973 the company has exclusive rights to purchase all or any portion of the remaining 68%.

Under a management contract the company after payment of building operating expenses, including depreciation, is entitled to the net income as a management fee.

3. Deferred Expenses:

Includes costs of opening branch offices, advertising and gift expense pertaining to the acquisition of new business and incorporation and registration fees. These expenses are being amortized over a five year period following the year of expenditure. The amortization amounted to \$36,855 in 1966, \$3,545 in 1965, Nil in 1964 and Nil in 1963.

4. Stock Options:

The Company has set aside 25,000 shares for employees' stock options. The options are exercisable until June 14, 1970 at a price not less than 85% of the market value of the shares at the date the option is granted. To date no options have been granted.

5. Income Taxes:

No provision for income taxes is required in 1966 as the amount of deferred expenses claimed for income tax purposes exceeds the amount amortized in the statement of income thereby reducing income taxes payable by \$34,350. Similarly in 1964, the tax reduction was \$8,252. In 1965 no provision was required as non-taxable income exceeded net income. In 1963 capital cost allowance claimed exceeded depreciation recorded in the accounts and resulted in a tax reduction of \$3,115.

6. Commitments:

The Company is committed under lease rental agreements for branch premises in the annual amount of \$37,000 over the next 10 years.

STATUTORY INFORMATION

1. The name of the Company is City Savings & Trust Company, and the address of the Company's head office is the McLeod Building, Edmonton, Alberta.
2. The Company was incorporated by Private Act of the Legislature of Alberta, assented to on April 5th, 1962 and was duly registered under the provisions of The Trust Companies Act 1960, on January 8th, 1963 to carry on and transact the business of a trust company within the Province of Alberta. The name of the Company was changed from City Savings and Trust Company to City Savings & Trust Company on March 4th, 1963.
3. The general nature of the business of the Company is that of a trust company.

4. The Officers of the Company are:

Name	Occupation	Address
David Arnold Croll, Q.C.	Chairman of the Board	508-1603 Bathurst St., Toronto 10, Ontario
Samuel Belzberg	President	9716 Riverside Drive, Edmonton, Alberta
William Belzberg	Vice-President	203 Devonshire House, Calgary, Alberta
Joseph Harvey Shctor, Q.C.	Secretary	9022 Valleyview Drive, Edmonton, Alberta

5. The Directors of the Company are:

Name	Occupation	Address
David Arnold Croll, Q.C.	Executive	508-1603 Bathurst St., Toronto 10, Ontario
Allister Herbert Geo. Grosart	Executive	405-10 Lamport Ave., Toronto 5, Ontario
William Bernard Herman, Q.C.	Executive	34 Hight Point Road, Don Mills, Ontario
Joseph Harvey Shctor, Q.C.	Barrister	9022 Valleyview Drive, Edmonton, Alberta
Hyman Belzberg	Executive	1112 Dorchester Avenue, Calgary, Alberta
William Belzberg	Executive	203 Devonshire House, Calgary, Alberta
Samuel Belzberg	Executive	9716 Riverside Drive, Edmonton, Alberta

6. The Auditors of the Company are:
Deloitte, Plender, Haskins & Sells
Chartered Accountants
602 Bank of Montreal Building
Edmonton, Alberta
7. The Company maintains its own Registry and Transfer Office in the McLeod Building, Edmonton, Alberta.
8. The authorized capital of the Company is \$5,000,000 consisting of 500,000 Common Shares having a par value of \$10.00 each with a capital premium reserve fund payment of \$2.50 per share.
9. The shares offered by this Prospectus are Common shares of the par value of \$10.00.

10. All shares in the capital stock of the Company carry one vote per share. All shares rank equally as to dividends and have equal rights on liquidation or distribution of capital assets pro-rata in proportion to the amount paid up thereon.
11. There are no bonds, debentures or other securities issued or proposed to be issued by the Company other than deposit receipts on guaranteed investment certificates.
12. The Company is not subject to any indebtedness that is not shown in the Balance Sheet accompanying this Prospectus.
13. Pursuant to a resolution of the Directors of the Company dated June 14th, 1965, the Board of Directors have set aside 25,000 shares in the capital stock of the Company to be used for the purpose of granting employee stock options to enable the Company to attract and retain key personnel. These options are to be granted for a term not in excess of five years and at a price not less than 85% of the market value at the date upon which such option is granted.
14. The number of shares being offered by this Prospectus is 40,000 having a par value of \$10.00 each and a capital premium reserve fund payment of \$2.50 each. These shares are being offered at an issue price of \$19.50 each and the terms thereof are to be cash. The Company has previously offered and issued 100,311 shares which have been paid for in full.
15. The estimated net proceeds to be derived from the sale of the shares offered by this Prospectus on the basis of such shares being fully taken up and paid for are a minimum of \$695,000.00. Legal, printing and audit fees are estimated to cost \$5,000.00.
16. The proceeds to be derived from the securities will be used for the general corporate purposes of the Company as authorized by The Trust Companies Act, of the Province of Alberta.
17. In the opinion of the Directors no minimum amount must be raised by the sale of shares offered by this Prospectus in order to pay the purchase price of any property, any preliminary expense payable by the Company, any commission payable by the Company in respect of subscriptions for shares of the Company, or the repayment of bank loans.
18. There is no Underwriting Agreement respecting the shares being issued. Shares will be sold directly to the public through the facilities of authorized sales representatives or registered dealers at a commission of up to \$2.00 per share to be borne by the Company.
19. No officer of the Company has received any remuneration to date for his services to the Company.
20. The By-laws of the Company provide that the Directors shall be paid by way of remuneration for their services as Directors such sums as the Shareholders shall determine at a General Meeting of the Company.
21. No remuneration was paid by the Company to Directors in the fiscal years 1966, 1965 or 1964. In the fiscal year 1963 \$175.00 was paid to the Directors.
22. The aggregate remuneration estimated to be paid or payable by the Company during its current financial year to Officers of the Company who individually are entitled to remuneration in excess of \$10,000.00 is Nil.
23. The amount of \$11,307.15 has been paid by the Company in the last two years for subscribing or agreeing to subscribe or for procuring or agreeing to procure subscriptions for shares in the Company. The commission payable on this issue is a maximum of \$2.00 per share to authorized sales representatives or registered dealers. The maximum commission of \$80,000.00 has been deducted in determining the estimated net proceeds stated in paragraph 15.
24. The Company has been carrying on business actively since January 8th, 1963.

25. Apart from transactions entered into or to be entered into in the ordinary course of operation or on the general credit of the Company, no property has been or is proposed to be purchased or acquired by the Company, the purchase price of which is to be defrayed in whole or in part out of the proceeds of the issue of the shares offered by this Prospectus or has been paid in whole or in part in the securities of the Company, or the purchase or acquisition of which has not been completed at the date hereof.
26. No securities have been issued during the preceding two years as fully or partly paid up otherwise than in cash.
27. The Company does not propose to offer any obligations secured or otherwise except for guarantees to be given by the Company in the ordinary course of business, other than deposit receipts on guaranteed investment certificates.
28. No services rendered or to be rendered to the Company are to be paid for by the Company in whole or in part out of the proceeds of the securities offered by this Prospectus. No services have been paid for within the two years preceding the date hereof or are to be paid for by securities of the Company.
29. No amount has been paid within the two years preceding the date hereof to any promoter or is intended to be paid to any promoter.
30. No material contract has been entered into within the two years preceding the date hereof that has not been entered into in the ordinary course of business carried on or intended to be carried on by the Company.
31. The Company does not propose to acquire any property in which any Director has an interest.
32. City Savings & Trust Company has been carrying on business for more than four years.
33. Bel-Boys Building Ltd., Gibraltar Investments Ltd., and Pasadena Development Corporation Ltd., are the owners of the shares of City Investment Corporation Ltd., and City Investment Corporation Ltd. is the holder of the majority of shares of the Company. Samuel Belzberg, William Belzberg and Hyman Belzberg jointly, by reason of their ownership of shares of Bel-Boys Buildings Ltd., Gibraltar Investments Ltd., and Pasadena Development Corporation Ltd. are in a position to elect or cause to be elected a majority of the Directors of the Company.
34. No securities of the Company are held in escrow.
35. No dividends have been paid on the shares of the Company.
36. A certificate authorizing the Company to expend monies received from the sale of securities was issued to the Company by the Alberta Securities Commission on the 14th day of April, A.D. 1967.
37. There are no other material facts not disclosed in the foregoing.

The foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Part IX of The Securities Act 1955 (Alberta), and there is no further material information applicable other than on the financial statements or reports where required.

DATED at the City of Edmonton, in the Province of Alberta, this 28 day of April, A.D. 1967.

DIRECTORS

(Signed) WILLIAM BERNARD HERMAN, Q.C.

(Signed) WILLIAM BELZBERG

(Signed) ALLISTER HERBERT GEORGE GROSART

(Signed) HYMAN BELZBERG

(Signed) DAVID ARNOLD CROLL, Q.C.

(Signed) SAMUEL BELZBERG

(Signed) SAMUEL BELZBERG by Power of Attorney for JOSEPH HARVEY SHOCTOR, Q.C.